

GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT

Dispensing with release of LOC in respect of Capital Heads of Account in I & CAD and R&B Departments on a pilot basis for three months from 01-04-13 -- Orders - Issued.

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FINANCE (W&P) DEPARTMENT

G.O.Rt.No.328

Dated: 08-04-2013

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ORDER:-

Experience shows that though there is sufficient budget provision under Capital Heads of Account the Engineering Departments concerned are unable to incur expenditure to the extent of budget available. This is leading to poor capital expenditure and delayed completion of projects.

2. A number of steps need to be taken by Engineering Departments to successfully address this challenge. These include a) holistic project conceptualization b) better project preparation and c) improved project implementation. To aid Engineering Departments in this effort, Finance Department has embarked on a number of steps designed to improve project implementation and hasten the release of money for implementation of capital projects. The emphasis on the two stage sanction process through G.O.Ms.No.1 of Finance (W&P) Department, dated.25.2.2012 and the implementation of the Bill Monitoring and Payment Management system in its fully functional form since May,2012 are two steps in this direction. e-Payments are also being made since July, 2012.

3. Since the Bill Monitoring System (BMS) is in place in the Finance (W & P) Department, all concerned have a clear idea of pending bills under each Head of Account (HoA) and it is now possible to monitor/regulate payments by Finance Department depending on the ways and means position. It is therefore decided to eliminate some steps in the existing process which do not make any value addition, to accelerate capital expenditure on a pilot basis for three months in respect of I&CAD and R&B Departments with the consent of these two Departments.

4. Therefore, Government hereby order that the procedure of issue of LOC in respect of Capital Heads of Accounts (HoA) of I & CAD and R&B Departments is dispensed with, from 1<sup>st</sup> April, 2013 on a pilot basis for 3 months. In respect of these Heads of Account Government will not issue BROs/LOCs for the capital heads, Heads of the Department will not distribute the LOCs and DOWA/JDWA will not authorize the LOCs.

5. However, in respect of certain Capital Heads of Account LOC will continue to be issued as per the existing practice. The details of those Heads of Account and the reasons for continuing with issue of LOC are given below.

S.No	Heads of Account	Reason for continuing with issue of LOC
1	All the Heads of Account with <b>sub detailed head 532 lands</b> (both voted and charged)	Land Acquisition payments are made through LAOs (Special Deputy Collectors and Revenue Divisional Officers) having limited cheque drawing powers. Therefore Direct Debit is not possible and payments are not being made online.

( p.t.o.)

2	All the Heads of Account with <b>sub detailed head 501 R &amp; R.</b>	R&R payments consists of different types of payments, which have different payment procedures. Therefore Direct Debit is not possible and payments are not being made online.
3	All the Heads of Account with <b>sub detailed head 531 OE(Charged)</b>	Since separate sanction need to be given basing on court orders.
4	All the Heads of Account with <b>Group head (03) EAP</b>	As reimbursements are to be reviewed before releasing LOC.
5	All the Heads of Account with <b>Group head (10) CSS.</b>	As releases are subject to releases by Government of India.
6	All the Heads of Account with <b>Group head (06) MSS</b>	As releases are linked with the funds released by Government of India under CSS.
7	All the Heads of Account with <b>Group head (07) NABARD.</b>	As the payments are to be watched RIDF Tranche wise.

6. The payment procedure to be followed in respect of capital Heads of Account other than those mentioned in Para- 5 above is detailed below;

After bills are presented by the Drawing & Disbursing Officers, the Pay & Accounts Officers/Assistant Pay & Accounts Officers (Works & Projects) will scrutinise the bills. Defects, if any, pointed out will be rectified by DDOs and PAOs/APAOs will declare the bills ready for payment without looking for availability of LOC under the capital Heads of Account of I&CAD and R&B Departments. Finance Department will authorise payment through BMS depending on availability of budget provision / modified budget provision, ways and means position and expenditure being with in Administrative Sanction / Revised Administrative Sanction. Payment of bills will be based on state wide token seniority. Once a bill is paid, expenditure is booked against the respective Head of Account and the balance budget available will come down to the extent of expenditure booked.

7. In the case of R&B Department the expenditure under the sub-detailed head-531 includes both Works and Land cost unlike I&CAD Department, which has a separate sub-detailed head of 532- lands for land acquisition. Since release of LOC in respect of works is dispensed with it is ordered to create a separate sub-detailed head 532- lands (wherever the same is not available) in respect of R&B Department.

8. The benefits of the new system ordered are:

- Departments need not send requests for release of LOC.
- Saves time, avoids unnecessary steps and movement of files.
- Capital expenditure will be expedited.

9. The payment procedure in respect of Capital Heads of Account mentioned at para-5 and all other remaining Heads of Account of I&CAD and R&B Departments will remain unchanged.

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10. However, since no re-appropriations are permissible in the 'vote on account' budget and as the proposed system is on pilot basis for three months, detailed guidelines on how to operate the re-appropriation online will be issued separately.

11. These orders shall come into force with immediate effect.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

V. BHASKAR  
PRINCIPAL FINANCE SECRETARY

To  
The I & CAD Department.  
The T.R & B Department.

Copy to:-

The Accountant General, A.P, Hyderabad.  
The Director of Works Accounts, Hyderabad.  
The Director of Treasuries & Accounts, Hyderabad.  
All ENC's / CE's of I&CAD and R&B Departments.  
SF/SC.

//Forwarded::By Order//

SECTION OFFICER